

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Johnstown
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2005

CONTENTS

Page

INDEPENDENT AUDITORS' REPORT

BASIC FINANCIAL STATEMENTS

Government-wide financial statements:

Statement of net assets	5
Statement of activities	6

Fund financial statements:

Balance sheet - governmental funds	7 - 8
Statement of revenues, expenditures, and changes in fund balances - governmental funds	9 - 10

Notes to financial statements	11 - 18
-------------------------------	---------

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary comparison schedules:

General Fund	19 - 20
Fire Fund	21
Fine Lake Acquatic Fund	22
Building Fund	23

SUPPLEMENTARY INFORMATION

Combining balance sheet - nonmajor governmental funds	24
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	25

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Johnstown, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Johnstown, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Johnstown, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Johnstown, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 12, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of April 1, 2004.

The budgetary comparison information, on pages 19 through 23, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Johnstown, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

**Board of Trustees
Township of Johnstown, Michigan
Page 2**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Johnstown, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

May 16, 2005

BASIC FINANCIAL STATEMENTS

Township of Johnstown
STATEMENT OF NET ASSETS
March 31, 2005

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,017,879
Receivables (net)	138,662
Prepaid expenses	<u>16,712</u>
Total current assets	<u>1,173,253</u>
Noncurrent assets:	
Receivables (net)	272,802
Capital assets (net of accumulated depreciation)	<u>463,130</u>
Total noncurrent assets	<u>735,932</u>
Total assets	<u>1,909,185</u>
LIABILITIES	
Current liabilities:	
Payables	1,417
Deferred revenue	74,322
Contract payable	<u>52,256</u>
Total current liabilities	<u>127,995</u>
Noncurrent liabilities:	
Contract payable	<u>227,772</u>
Total liabilities	<u>355,767</u>
NET ASSETS	
Invested in capital assets	463,130
Restricted for:	
Perpetual care	3,324
Public safety	112,458
Public works	185,858
Debt service	977
Unrestricted	<u>787,671</u>
Total net assets	<u>\$ 1,553,418</u>

See notes to financial statements

Township of Johnstown
STATEMENT OF ACTIVITIES
Year ended March 31, 2005

		<u>Program Revenues</u>		<u>Net (expenses)</u> <u>revenues and</u> <u>changes in</u> <u>net assets</u>
		<u>Charges for</u> <u>services</u>	<u>Operating</u> <u>grants and</u> <u>contributions</u>	
Functions/Programs	Expenses		Capital grants and contributions	
Governmental activities:				
Legislative	\$ 8,424	\$ -	\$ -	\$ (8,424)
General government	129,015	10,502	-	(118,513)
Public safety	137,346	7,175	-	(73,342)
Public works	61,362	10,252	4,244	(46,866)
Health and welfare	2,500	-	-	(2,500)
Culture and recreation	6,000	-	-	(6,000)
Debt service - interest	13,140	12,961	-	(179)
Total governmental activities	<u>\$ 357,787</u>	<u>\$ 40,890</u>	<u>\$ 4,244</u>	<u>\$ 56,829</u>
				(255,824)
General revenues:				
Taxes				206,646
State grants				210,371
Investment income				15,252
Other				6,932
Total general revenues				439,201
Change in net assets				183,377
Net assets - beginning				1,370,041
Net assets - ending				<u>\$ 1,553,418</u>

See notes to financial statements

Township of Johnstown
BALANCE SHEET - governmental funds
 March 31, 2005

	<u>General</u>	<u>Special revenue</u>		
		<u>Fire</u>	<u>Fine Lake Aquatic</u>	<u>Building</u>
ASSETS				
Cash	\$ 353,340	\$ 105,342	\$ 44,042	\$ 375,000
Receivables	44,036	7,116	75,750	-
Prepaid expenses	16,712	-	-	-
Total assets	<u>\$ 414,088</u>	<u>\$ 112,458</u>	<u>\$ 119,792</u>	<u>\$ 375,000</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 1,417	\$ -	\$ -	\$ -
Deferred revenue	8,604	7,116	75,750	-
Total liabilities	<u>10,021</u>	<u>7,116</u>	<u>75,750</u>	<u>-</u>
Fund balances:				
Reserved for perpetual care	-	-	-	-
Unreserved, undesignated	404,067	105,342	44,042	375,000
Total fund balances	<u>404,067</u>	<u>105,342</u>	<u>44,042</u>	<u>375,000</u>
Total liabilities and fund balances	<u>\$ 414,088</u>	<u>\$ 112,458</u>	<u>\$ 119,792</u>	<u>\$ 375,000</u>

<i>Debt service</i>	<i>Total nonmajor governmental funds</i>	<i>Total governmental funds</i>
<i>Sewer</i>		
\$ -	\$ 140,155	\$ 1,017,879
281,005	3,557	411,464
-	-	16,712
<u>\$ 281,005</u>	<u>\$ 143,712</u>	<u>\$ 1,446,055</u>
\$ -	\$ -	\$ 1,417
281,005	3,557	376,032
<u>281,005</u>	<u>3,557</u>	<u>377,449</u>
-	2,458	2,458
-	137,697	1,066,148
<u>-</u>	<u>140,155</u>	<u>1,068,606</u>
<u>\$ 281,005</u>	<u>\$ 143,712</u>	<u>\$ 1,446,055</u>

See notes to financial statements

Township of Johnstown
BALANCE SHEET - governmental funds (Continued)
March 31, 2005

	<u>Total governmental funds</u>
Total fund balances (from page 7)	\$ 1,068,606
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 5) are different because:	
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	463,130
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	301,710
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(280,028)</u>
Net assets of <i>governmental activities</i>	<u><u>\$ 1,553,418</u></u>

See notes to financial statements

Township of Johnstown**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds**

Year ended March 31, 2005

	<u>General</u>	<u>Special revenue</u>		
		<u>Fire</u>	<u>Fine Lake Aquatic</u>	<u>Building</u>
REVENUES				
Taxes	\$ 92,989	\$ 74,642	\$ -	\$ -
Federal grants	48,404	-	-	-
State grants	214,615	-	-	-
Charges for services	17,677	-	-	-
Interest	10,793	1,691	739	-
Other	15,660	-	24,650	-
Total revenues	<u>400,138</u>	<u>76,333</u>	<u>25,389</u>	<u>-</u>
EXPENDITURES				
Legislative	8,424	-	-	-
General government	128,120	-	-	-
Public safety	74,600	-	-	-
Public works	51,414	-	9,948	-
Health and welfare	2,500	-	-	-
Culture and recreation	6,000	-	-	-
Capital outlay	248,503	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>519,561</u>	<u>-</u>	<u>9,948</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(119,423)</u>	<u>76,333</u>	<u>15,441</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	212,525	-	-	75,000
Transfers out	(75,000)	(187,500)	-	-
Total other sources (uses)	<u>137,525</u>	<u>(187,500)</u>	<u>-</u>	<u>75,000</u>
NET CHANGES IN FUND BALANCES	<u>18,102</u>	<u>(111,167)</u>	<u>15,441</u>	<u>75,000</u>
FUND BALANCES - BEGINNING	<u>385,965</u>	<u>216,509</u>	<u>28,601</u>	<u>300,000</u>
FUND BALANCES - ENDING	<u>\$ 404,067</u>	<u>\$ 105,342</u>	<u>\$ 44,042</u>	<u>\$ 375,000</u>

<u>Debt Service</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<u>Sewer</u>		
\$ -	\$ 37,316	\$ 204,947
-	-	48,404
-	-	214,615
-	-	17,677
13,140	2,026	28,389
<u>63,317</u>	<u>-</u>	<u>103,627</u>
<u>76,457</u>	<u>39,342</u>	<u>617,659</u>
-	-	8,424
-	-	128,120
-	-	74,600
-	-	61,362
-	-	2,500
-	-	6,000
-	-	248,503
63,317	-	63,317
<u>13,140</u>	<u>-</u>	<u>13,140</u>
<u>76,457</u>	<u>-</u>	<u>605,966</u>
<u>-</u>	<u>39,342</u>	<u>11,693</u>
-	-	287,525
<u>-</u>	<u>(25,025)</u>	<u>(287,525)</u>
<u>-</u>	<u>(25,025)</u>	<u>-</u>
-	14,317	11,693
<u>-</u>	<u>125,838</u>	<u>1,056,913</u>
<u>\$ -</u>	<u>\$ 140,155</u>	<u>\$ 1,068,606</u>

See notes to financial statements

Township of Johnstown
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)
Year ended March 31, 2005

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ 11,693
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$(249,536) exceeded depreciation \$(64,674) in the current period.	184,862
Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds. Deferred special assessment revenues decreased by this amount in the current period.	(76,495)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>63,317</u>
Change in net assets of <i>governmental activities</i>	<u><u>\$ 183,377</u></u>

See notes to financial statements

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Johnstown, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) *Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) *Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) *Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Fine Lake Aquatic Fund accounts for weed control financed through special assessments.

The Building Fund accounts for amounts designated for building improvements.

The Sewer Debt Service Fund accounts for the issuance and payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Tax Collection Fund, which account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity:*

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Vehicles	10 - 15 years

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variations.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$1,017,879 and a bank balance of \$1,045,311. Of the bank balance, \$639,294 is covered by federal depository insurance and \$406,017 is uninsured.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<i>Fund</i>	<i>Interest</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Total</i>
General	\$ -	\$ 8,604	\$ -	\$ 35,432	\$ 44,036
Fire	-	7,116	-	-	7,116
Fine Lake Aquatic	50	-	75,700	-	75,750
Sewer Debt Service	976	-	280,029	-	281,005
Nonmajor Funds	-	3,557	-	-	3,557
Totals	\$ 1,026	\$ 19,277	\$ 355,729	\$ 35,432	\$ 411,464
Noncurrent portion	\$ -	\$ -	\$ 272,802	\$ -	\$ 272,802

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 5,012	\$ -	\$ -	\$ 5,012
Capital assets being depreciated:				
Buildings and improvements	103,488	-	-	103,488
Equipment	82,722	81,036	-	163,758
Vehicles	631,448	168,500	(44,615)	755,333
Subtotal	817,658	249,536	(44,615)	1,022,579

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Less accumulated depreciation for:				
Buildings and improvements	\$ (66,521)	\$ (3,100)	\$ -	\$ (69,621)
Equipment	(63,736)	(24,404)	-	(88,140)
Vehicles	(414,145)	(37,170)	44,615	(406,700)
Subtotal	(544,402)	(64,674)	44,615	(564,461)
Total capital assets being depreciated (net)	273,256	184,862	-	458,118
Governmental activities capital assets, net	<u>\$ 278,268</u>	<u>\$ 184,862</u>	<u>\$ -</u>	<u>\$ 463,130</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 895
Public safety	63,779
Total governmental activities	<u>\$ 64,674</u>

NOTE 6 - DEFERRED REVENUE:

As of March 31, 2005, the various components of deferred revenues are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Delinquent property taxes	\$ -	\$ 19,277	\$ 19,277
Special assessments	74,322	282,433	356,755
Total	<u>\$ 74,322</u>	<u>\$ 301,710</u>	<u>\$ 376,032</u>

NOTE 7 - LONG-TERM DEBT:

Long-term debt at March 31, 2005, is comprised of the following issue:

Special assessment debt with governmental commitment:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority all principal and interest collections arising from special assessments levied on properties served by the Authority. The Township is contingently liable for \$564,337 of outstanding water and sewer system contracts payable, in excess of the amounts which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM DEBT (Continued):

Long-term liability activity for the year ended March 31, 2005 was as follows:

Beginning	\$ 343,345
Additions	-
Reductions	<u>(63,317)</u>
Ending	<u>\$ 280,028</u>
Amounts due within one year	<u>\$ 52,256</u>

Debt service requirements at March 31, 2005, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2006	\$ 52,256	\$ 16,802
2007	52,256	13,666
2008	52,256	10,531
2009	52,256	7,396
2010	52,256	4,260
2011	<u>18,748</u>	<u>1,125</u>
Totals	<u>\$ 280,028</u>	<u>\$ 53,780</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2005, as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	<u>\$ 212,525</u>	Fire	\$ 187,500
		Road	25,000
		Cemetery	<u>25</u>
			<u>212,525</u>
Building	<u>75,000</u>	General	<u>75,000</u>
	<u>\$ 287,525</u>		<u>\$ 287,525</u>

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued):

The transfers to the General Fund represents restricted revenues collected in the Fire, Road, and Cemetery Funds to pay for operational costs of the public safety, public works, and cemetery functions respectively, accounted for in the General Fund.

The transfer to the Building Fund represents Township Board designations for future building improvements

NOTE 9 - PENSION PLAN:

The Township provides pension benefits for its elected officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township's contributions are vested after six months of continuous service. The Township made the required contributions of \$8,100 for the year ended March 31, 2005.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 11 - JOINTLY GOVERNED ENTITY:

The Township, together with the Townships of Barry, Hope, and Prairieville established the Southwest Barry County Sewer and Water Authority (the Authority), under the provisions of Act 233 of 1955, to operate, maintain, administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported:	
General and special revenue funds	\$ 1,056,913
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	278,268
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	443,695
Long-term liabilities, including contract payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(343,345)</u>
Net assets, as restated	<u>\$ 1,435,531</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Johnstown
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 91,450	\$ 91,450	\$ 92,989	\$ 1,539
Federal grants	-	53,600	48,404	(5,196)
State grants	212,634	212,634	214,615	1,981
Charges for services	13,500	13,500	17,677	4,177
Interest	10,000	10,000	10,793	793
Other	700	9,125	15,660	6,535
	<u>328,284</u>	<u>390,309</u>	<u>400,138</u>	<u>9,829</u>
Total revenues				
EXPENDITURES				
Legislative	<u>8,700</u>	<u>8,700</u>	<u>8,424</u>	<u>276</u>
General government:				
Supervisor	17,435	17,435	16,876	559
Election	4,300	4,800	4,776	24
Assessor	21,320	21,320	18,463	2,857
Clerk	22,250	22,250	19,486	2,764
Board of review	1,265	1,265	1,138	127
Treasurer	23,780	23,780	23,289	491
Hall and grounds	6,165	8,665	8,633	32
Cemetery	8,000	8,500	8,493	7
Other	34,000	34,000	26,966	7,034
	<u>138,515</u>	<u>142,015</u>	<u>128,120</u>	<u>13,895</u>
Total general government				
Public safety - fire protection	<u>77,000</u>	<u>77,000</u>	<u>74,600</u>	<u>2,400</u>
Public works:				
Highways and streets	50,866	50,866	43,766	7,100
Metro act	4,244	4,244	4,244	-
Street lights	1,000	1,000	902	98
Transfer station	2,500	2,500	2,502	(2)
	<u>58,610</u>	<u>58,610</u>	<u>51,414</u>	<u>7,196</u>
Total public works				

Township of Johnstown

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Health and welfare - ambulance	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Recreation and culture - library	6,000	6,000	6,000	-
Capital outlay	11,630	261,155	248,503	12,652
Total expenditures	302,955	555,980	519,561	36,419
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25,329	(165,671)	(119,423)	46,248
OTHER FINANCING SOURCES (USES)				
Road Fund	25,000	25,000	25,000	-
Fire Fund	-	187,500	187,500	-
Cemetery Fund	-	20	25	5
Building Fund	-	(75,000)	(75,000)	-
Total other financing sources (uses)	25,000	137,520	137,525	5
NET CHANGE IN FUND BALANCE	50,329	(28,151)	18,102	46,253
FUND BALANCES - BEGINNING	385,965	385,965	385,965	-
FUND BALANCES - ENDING	<u>\$ 436,294</u>	<u>\$ 357,814</u>	<u>\$ 404,067</u>	<u>\$ 46,253</u>

Township of Johnstown
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 72,500	\$ 72,500	\$ 74,642	\$ 2,142
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,691</u>	<u>691</u>
Total revenues	<u>73,500</u>	<u>73,500</u>	<u>76,333</u>	<u>2,833</u>
OTHER FINANCING USES				
General Fund	<u>-</u>	<u>(187,500)</u>	<u>(187,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	73,500	(114,000)	(111,167)	2,833
FUND BALANCE - BEGINNING	<u>216,509</u>	<u>216,509</u>	<u>216,509</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 290,009</u>	<u>\$ 102,509</u>	<u>\$ 105,342</u>	<u>\$ 2,833</u>

Township of Johnstown**BUDGETARY COMPARISON SCHEDULE - Fine Lake Aquatic Fund**

Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 739	\$ 739
Other - special assessments	<u>14,000</u>	<u>14,000</u>	<u>24,650</u>	<u>10,650</u>
Total revenues	<u>14,000</u>	<u>14,000</u>	<u>25,389</u>	<u>11,389</u>
EXPENDITURES				
Public works	<u>30,000</u>	<u>30,000</u>	<u>9,948</u>	<u>20,052</u>
NET CHANGE IN FUND BALANCE	(16,000)	(16,000)	15,441	31,441
FUND BALANCE - BEGINNING	<u>28,601</u>	<u>28,601</u>	<u>28,601</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 12,601</u>	<u>\$ 12,601</u>	<u>\$ 44,042</u>	<u>\$ 31,441</u>

Township of Johnstown

BUDGETARY COMPARISON SCHEDULE - *Building Fund*

Year ended March 31, 2005

	<i>Original budget</i>	<i>Amended budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
OTHER FINANCING SOURCES				
General Fund	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>
FUND BALANCE - BEGINNING	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

Township of Johnstown
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2005

	<u>Special revenue fund</u>	<u>Permanent fund</u>	
	<u>Road</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
ASSETS			
Cash	\$ 136,831	\$ 3,324	\$ 140,155
Receivables	<u>3,557</u>	<u>-</u>	<u>3,557</u>
Total assets	<u>\$ 140,388</u>	<u>\$ 3,324</u>	<u>\$ 143,712</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	<u>\$ 3,557</u>	<u>\$ -</u>	<u>3,557</u>
Fund balances:			
Reserved for perpetual care	-	2,458	2,458
Unreserved, undesignated	<u>136,831</u>	<u>866</u>	<u>137,697</u>
Total fund balances	<u>136,831</u>	<u>3,324</u>	<u>140,155</u>
Total liabilities and fund balances	<u>\$ 140,388</u>	<u>\$ 3,324</u>	<u>\$ 143,712</u>

Township of Johnstown

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - *nonmajor governmental funds***

Year ended March 31, 2005

	<i>Special revenue fund</i>	<i>Permanent fund</i>	
	<i>Road</i>	<i>Cemetery Perpetual Care</i>	<i>Total</i>
REVENUES			
Taxes	\$ 37,316	\$ -	\$ 37,316
Interest	2,007	19	2,026
Total revenues	39,323	19	39,342
OTHER FINANCING USES			
Transfers out	(25,000)	(25)	(25,025)
NET CHANGES IN FUND BALANCES	14,323	(6)	14,317
FUND BALANCES - BEGINNING	122,508	3,330	125,838
FUND BALANCES - ENDING	<u>\$ 136,831</u>	<u>\$ 3,324</u>	<u>\$ 140,155</u>